

Current Class: [REDACTED]
Current Handling: n/a
Document Number: 1977BUENOS00284

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ACTION ARA-10

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P R 131140Z JAN 77
FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC PRIORITY 8527
INFO DIA WASH DC
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STATE FOR ARA/MR BRAY

E.O. 11652: GDS
TAGS: PINON PGOV, AR
SUBJECT: AMBASSADOR HILL'S LUNCHEON WITH MINISTER OF PLANNING
(MAJOR GENERAL) RAMON DIAZ BESSONE

REF: STATE 7308

1. SUMMARY: AT MINISTER'S INVITATION, AMBASSADOR HILL
ACCOMPANIED BY DATT LUNCHEON WITH
PLANNING MINISTER (MG) DIAZ BESSONE ON 10 JANUARY. A
MAJOR PART OF DISCUSSION CENTERED ON A PREDICTION BY THE MINISTER THA
T
THERE WOULD BE CHANGES IN THE GOVERNMENT BEFORE THE MIDDLE OF 1977 IN
WHICH HARDLINERS WOULD TAKE CHARGE, TO PREVENT THE RECURRENCE OF A
STRONG POLITICIZED LABOR MOVEMENT. THE SUBJECT OF HUMAN RIGHTS ALSO
AROSE WHEN THE MINISTER VOLUNTEERED THAT IF HE WERE PRESIDENT, HE WOU
LD
NOT PERMIT SUCH CRITICS AS CONGRESSMAN (FATHER) DRINAN TO ENTER ARG-
ENTINA AND INTERVENE IN INTERNAL AFFAIRS. AMBASSADOR HILL'S RESPONSE
STRESSED THE IMPORTANCE OF A FAVORABLE INTERNATIONAL
IMAGE OF ARGENTINA, ESPECIALLY IN THE

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AREA OF HUMAN RIGHTS, AND SUGGESTED THAT A POLICY PERMITTING CRITICS TO OBSERVE THE SERIOUS SUBVERSION PROBLEM FIRSTHAND WOULD RESULT IN A BETTER UNDERSTANDING OF THE PROBLEM.

2. ON 10 JANUARY AMBASSADOR HILL, ACCOMPANIED BY DEFENSE ATTACHE, COLONEL PAUL A. COUGHLIN, LUNCED AT THE PLANNING MINISTRY AT THE INVITATION OF MAJOR GENERAL DIAZ BESSONE. AFTER GREETING THE AMBASSADOR, THE MINISTER EXPLAINED THAT HE HAD BEEN CONDUCTING A SERIES OF MEETINGS TO REVIEW BUDGET SUBMISSIONS OF EACH MINISTRY. HE LAMENTED THAT IN SUCH A CAPACITY HE HAD NO FRIENDS SINCE HE WAS OBLIGATED TO LOOK FOR CUTS IN SPENDING WHEREVER POSSIBLE. THE AMBASSADOR COMMENTED THAT BUDGET REVIEW AND CUTTING IS A THANKLESS TASK BUT ONE THAT MUST BE DONE, AND ADDED THAT RECENTLY SOME LATIN AMERICAN REPUBLICS SEEM TO FEEL THAT THEY NEED TO SPEND MUCH MORE ON ARMS. THE GENERAL RESPONDED THAT THE CHILEAN-PERUVIAN DISPUTE IS A SPECIAL CASE AND HE BRIEFLY REVIEWED THE HISTORICAL PRECEDENTS. HE THEN ADDED THAT THANKFULLY, ARGENTINA HAD NO SERIOUS PROBLEMS ON HER FRONTIERS SINCE RELATIONS WITH ALL HER NEIGHBORS ARE VERY PEACEFUL. "WHY", HE ASKED "WOULD ARGENTINA NEED AN ARMORED DIVISION?" HE WENT ON TO EXPLAIN THAT THE ONLY AREA OF ARGENTINA'S VULNERABILITY TO AN EXTERNAL THREAT IS ITS TERRITORIAL SEA. THEREFORE, HE CONCLUDED, THE ARGENTINE NAVY MUST BE GIVEN THE MEANS TO CONTROL AND PROTECT THE LONG ARGENTINE COASTLINE AND HER TERRITORIAL WATERS.

3. THE MINISTER THEN INVITED THE AMBASSADOR AND COLONEL COUGHLIN TO HIS PRIVATE DINING ROOM WHERE THE THREE WERE SERVED LUNCH. THE MINISTER REMARKED THAT HE DID NOT WANT TO BE INDISCREET, BUT WAS CURIOUS TO KNOW IF THE AMBASSADOR WOULD REMAIN IN ARGENTINA UNDER THE CARTER ADMINISTRATION. THE AMBASSADOR REPLIED THAT IT WAS THE CUSTOM FOR ALL UNITED STATES AMBASSADORS TO SUBMIT THEIR RESIGNATIONS ON JANUARY 21ST, FOLLOWING THE INAUGURATION OF THE NEW PRESIDENT, TO PERMIT HIM COMPLETE FREEDOM IN SELECTING HIS OWN TEAM OF AMBASSADORS. AMBASSADOR HILL ADDED THAT HE WOULD, OF COURSE, CONTINUE TO SERVE AT THE PLEASURE

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OF THE NEW PRESIDENT.

4. THEN THE GENERAL ABRUPTLY CHANGED THE SUBJECT AND SAID THAT IT WAS IMPORTANT FOR THE AMBASSADOR TO KNOW THAT THERE WILL BE CHANGES (HABRA CAMBIOS) IN THE GOVERNMENT IN 1977 AND FURTHER-

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MORE, THAT THESE CHANGES WOULD OCCUR "AT THE LATEST" BY THE MIDDLE OF THE YEAR. THERE MUST BE A CLEAR DEFINITION OF GOALS AND POLICIES, HE STRESSED, BOTH INTERNALLY AND IN THE INTERNATIONAL ARENA. THE CURRENT VACILLATING STYLE OF THE GOVERNMENT CANNOT CONTINUE AND HE POINTED OUT AS AN EXAMPLE THE LABOR "MANIFESTO" WHICH WAS PUBLISHED LAST WEEK. AMBASSADOR HILL COMMENTED THAT HE HAD READ THE LABOR DECLARATION WITH GREAT INTEREST AND THAT IT APPEARED TO BE A CHALLENGE TO THE GOVERNMENT. THE MINISTER AGREED THAT THE "MANIFESTO" WAS A DIRECT CHALLENGE AND COULD NOT BE IGNORED. HE LAMENTED THAT THE UNION LEADERS APPARENTLY HAVE LEARNED NOTHING FROM THE PAINFUL EXPERIENCE OF THE PAST THREE AND A HALF YEARS SINCE THEY ARE DEMANDING THE RETURN TO THE SAME DISCREDITED SYSTEM WHICH ALMOST DESTROYED THE COUNTRY. HAD THE UNION LEADERS PROPOSED A PROGRAM IN WHICH THE UNIONS PERFORMED THEIR LEGITIMATE FUNCTION OF REPRESENTING THEIR MEMBERS IN COLLECTIVE BARGAINING THE GOVERNMENT COULD HAVE AGREED. HOWEVER, THE NATIONAL REORGANIZATION GOVERNMENT WILL NEVER AGREE TO A RETURN TO THE SYSTEM OF A POLITICIZED LABOR SECTOR WHICH SUBVERTS THE GOOD OF THE NATION TO THE WHIMS OF CORRUPT AND POWER HUNGRY LABOR LEADERS. HE WENT ON TO EXPLAIN THAT THE PERONISTS HAVE PROVED THEIR INABILITY TO GOVERN, AND THE RADICALS, WITH THEIR "OLD, OLD" LEADERS, HAVE DISCREDITED THEMSELVES BY YIELDING THEIR PREROGATIVES AND KNUCKLING UNDER TO PERON. HE CONCLUDED BY SAYING THAT IT MAY TAKE A LONG TIME, AND IT IS TOO EARLY TO SAY IF THE NEW ARGENTINE REPUBLIC WOULD BE SIMILAR TO BRAZIL OR SOME OTHER MODEL, BUT NEW POLITICAL PARTIES ARE NEEDED WHICH ARE BASED ON BROAD NATIONAL CONSENSUS AND RUN BY YOUNG MEN WITH FRESH IDEAS.

5. AT THIS POINT, COLONEL COUGHLIN ASKED THE GENERAL IF THE LABOR "MANIFESTO" MIGHT CREATE A REACTION WITHIN THE MODERATE

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SECTOR OF THE GOVERNMENT MERELY RESULTING IN A HARDER LINE TOWARD LABOR INSTEAD OF CHANGES IN PERSONALITIES IN THE GOVERNMENT. GENERAL DIAZ BESSONE EVADED THE QUESTION BY RETURNING TO HIS THEME THAT THE GOVERNMENT MUST CLEARLY DEFINE ITSELF AND ESTABLISH ITS GOALS FOR ALL TO UNDERSTAND. IT MUST BE FORTHRIGHT AND HONEST WITH THE MAN IN THE STREET AND TELL HIM THAT 1977 WILL BE A TOUGH YEAR REQUIRING HIM TO TIGHTEN HIS BELT ANOTHER NOTCH. AT THE SAME TIME, HOWEVER, IT MUST INSIST THAT THE RICH PAY THEIR TAXES. IF THEY DO NOT, THEY SHOULD BE PUT IN JAIL AND THE COMMON MAN SHOULD KNOW THAT THE GOVERNMENT

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IS NEITHER FOR THE RICH NOR THE POOR, BUT FOR ALL ARGENTINES. ONCE THEY UNDERSTAND THIS, THEY WILL FALL IN LINE AND PULL TOGETHER TO ACHIEVE COMMON GOALS. AS FOR CHANGES IN THE GOVERNMENT, HE STRESSED THAT NOT ONLY WILL THEY TAKE PLACE IN 1977, BUT BY MID-YEAR AT THE LATEST.

6. THE AMBASSADOR HAD PLANNED TO BRING UP THE SUBJECT OF HUMAN RIGHTS, BUT IT WAS NOT NECESSARY SINCE GENERAL DIAZ BESSONE INTRODUCED THE TOPIC HIMSELF BY VOLUNTEERING THAT IF HE WERE PRESIDENT, HE WOULD NOT PERMIT BIASED CRITICS, SUCH AS CONGRESSMAN DRINAN, TO ENTER THE COUNTRY. AMBASSADOR HILL RESPONDED BY SAYING THAT HE UNDERSTOOD HOW SUCH VISITS COULD BE INTERPRETED BY THE ARGENTINE GOVERNMENT TO BE INTERVENTION IN THEIR INTERNAL AFFAIRS, BUT THAT HE COULD NOT AGREE THAT BARRING THE ENTRANCE OF CRITICS WOULD BE A GOOD SOLUTION. HE POINTED OUT THAT FATHER DRINAN'S INITIAL REPORT WAS RELATIVELY MODERATE. WHILE THERE IS NO WAY TO PREDICT THE TONE OF THE AMNESTY INTERNATIONAL REPORT, THE MODERATION OF CONGRESSMAN DRINAN'S INITIAL REPORT CAN BE ATTRIBUTED TO HIS HAVING BEEN ABLE TO PERSONALLY OBSERVE BOTH SIDES OF THE PROBLEM OF SUBVERSION IN ARGENTINA. THE AMBASSADOR THEN BROUGHT UP THE RECENT VISIT OF MR CHARLES BRAY, DEPUTY ASSISTANT SECRETARY OF STATE FOR LATIN AMERICA. EXPLAINING THAT MR BRAY MAY BE CALLED AS THE STATE DEPARTMENT WI

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THAT IT WAS ESSENTIAL FOR MR BRAY TO COME TO ARGENTINA LAST DECEMBER TO LEARN THE SITUATION FIRST-HAND. UPON HIS DEPARTURE, AFTER A WEEK OF NUMEROUS INTERVIEWS WITH ARGENTINES FROM WIDELY VARYING INTEREST GROUPS, MR. BRAY WAS IMPRESSED THAT ONE IDEA WAS SHARED BY ALL: THAT ARGENTINA IS ENGAGED IN A SERIOUS WAR AGAINST SUBVERSION WHICH THE COUNTRY CANNOT AFFORD TO LOSE. THE CONCEPT OF "BEING AT WAR", WHILE WIDELY ACCEPTED IN ARGENTINA,

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IS NOT WIDELY SHARED IN THE REST OF THE WORLD. IF CRITICS ARE NOT ALLOWED TO SEE FOR THEMSELVES, ESPECIALLY TO OBSERVE THE BRUTAL ASSASSINATIONS AND MINDLESS BOMBINGS OF THE TERRORISTS, THE AMBASSADOR CONTINUED, THEY WILL NEVER UNDERSTAND. AN INTERNATIONAL IMAGE OF A RESPONSIBLE ARGENTINE GOVERNMENT WHICH RESPECTS THE HUMAN RIGHTS OF ALL ITS CITIZENS IS ESPECIALLY IMPORTANT TO THE ECONOMIC RECOVERY PROGRAM. THE INTERNATIONAL FINANCIAL INSTITUTIONS WHICH HAVE OFFERED HUGE CREDITS TO ARGENTINA COULD BE FORCED TO CURTAIL THEIR CREDITS BY POLITICAL PRESSURES GENERATED BY AN UNFAVORABLE IMAGE OF ARGENTINA, ESPECIALLY IN THE FIELD OF HUMAN RIGHTS. THUS, THE AMBASSADOR CONCLUDED, WHILE HE SHARED THE MINISTER'S ABHORRENCE OF INTERVENTION IN THE INTERNAL AFFAIRS OF OTHER COUNTRIES, HE DID NOT BELIEVE THAT TURNING AWAY CRITICS WOULD SOLVE THE PROBLEM. THE GENERAL RESPONDED THAT PERHAPS THE AMBASSADOR WAS RIGHT, ESPECIALLY IN POINTING OUT THE IMPORTANCE OF A GOOD IMAGE

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ABROAD TO THE ECONOMIC RECOVERY PROGRAM. "WHAT WE NEED TO DO", CONCLUDED THE GENERAL, "IS TO FIND A WAY TO MAINTAIN AN ACCEPTABLE IMAGE ABROAD WHILE NOT DEVIATING FROM OUR MOST IMPORTANT INTERNAL OBJECTIVES".

7. FOLLOWING UP ON HUMAN RIGHTS, THE AMBASSADOR COMMENTED THAT IN THE PAST MONTH THERE HAVE BEEN NEWSPAPER REPORTS OF AN INCREASING NUMBER OF TERRORISTS BEING KILLED EACH DAY, USUALLY IN GUN BATTLES WITH SECURITY FORCES. HE ADDED THAT WHILE THE PRECISE POLICY OF THE CARTER ADMINISTRATION CONCERNING HUMAN RIGHTS REMAINS TO BE SEEN, JUDGING FROM CAMPAIGN SPEECHES, HUMAN RIGHTS WILL CONTINUE TO BE GIVEN GREAT IMPORTANCE BY THE U.S. GOVERNMENT. THEREFORE, THE AMBASSADOR ASKED, DO THE RECENT SUCCESSES OF SECURITY FORCES, AS GAUGED BY THE NUMBER OF TERRORISTS KILLED, SIGNIFY THAT THE SUBVERSIVES ARE FINALLY ON THE RUN AND THAT THE VIOLENCE AND KILLING SOON MAY BE EXPECTED TO DECREASE? TO THIS THE GENERAL STATED THE LARGER NUMBERS OF TERRORISTS ARE BEING KILLED AS THE RESULT OF INCREASINGLY MORE EFFICIENT COUNTERSUBVERSIVE OPERATIONS; HE MADE NO PREDICTION ABOUT THE LEVELS OF FUTURE COUNTERSUBVERSIVE OPERATIONS.

8. PRIOR TO DEPARTING, THE AMBASSADOR SUGGESTED THAT HE WOULD LIKE TO HAVE A LUNCHEON FOR THE MINISTER AND A FEW OF HIS STAFF TO GIVE THE EMBASSY STAFF A CHANCE TO MEET THEM. THE GENERAL AGREED AND INDICATED THAT ANY DATE BEGINNING 17 JANUARY WOULD

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BE FINE. THE AMBASSADOR AND COLONEL COUGHLIN THEN THANKED THE GENERAL FOR HIS HOSPITALITY AND THE STIMULATING EXCHANGE OF IDEAS AND DEPARTED.

9. COMMENTS: WHILE THE GENERAL CONTINUES TO EXUDE CONFIDENCE (PERHAPS EVEN MORE THAN BEFORE) (SEE REF CABLE) AND WHILE HE HAS SETTLED COMFORTABLY INTO HIS JOB, HE SEEMS TO LACK SOME OF THE STRENGTHS WHICH HE MAY NEED IF HE EVER BECOMES PRESIDENT. HE MAKES A RELATIVELY GOOD IMPRESSION IN FACE-TO-FACE CONTACT BUT HAS COME ACROSS POORLY ON THE TWO TELEVISION APPEARANCES

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WHICH HE HAS MADE AS PLANNING MINISTER. THE FACT THAT HE SPOKE OPENLY WITH A FOREIGN AMBASSADOR OF IMMINENT CHANGES IN THE GOVERNMENT WHICH WOULD CONFIRM THE HEGEMONY OF THE HARDLINERS TESTIFIES MORE TO HIS CONFIDENCE THAN TO HIS DISCRETION. CERTAINLY HIS COMMENTS CONCERNING THE DRINAN VISIT WERE AN IMPLICIT CRITICISM OF PRESIDENT VIDELA. HIS POSITION IS SO CLOSE TO THAT OF ADMIRAL MASSERA THAT ONE COULD ASSUME THAT THE TWO ARE IN CLOSE CONTACT. WE BELIEVE THAT WHEN HE REFERS TO CHANGES IN THE GOVERNMENT, HE CLEARLY MEANS THAT VIOLA, AND POSSIBLY VIDELA, SHOULD YIELD THEIR JOBS TO HARDLINERS WHO ARE PREPARED TO HOLD THE LINE AGAINST LABOR. JUST HOW DIAZ BESSONE WOULD FIT INTO A POST-VIDELA GOVERNMENT IS UNCLEAR. SHOULD VIDELA AND VIOLA BE FORCED OUT, HE WOULD NOT EMERGE AS THE SENIOR HARDLINE GENERAL SINCE MAJOR GENERAL SUAREZ MASON, WHO HAS CONSISTENTLY BEEN A HARDLINER, WOULD STILL PRECEDE HIM. ONE POSSIBILITY WOULD BE FOR SUAREZ MASON TO BECOME ARMY COMMANDER AND JUNTA MEMBER WITH DIAZ BESSONE BECOMING PRESIDENT (A VARIATION ON THE "FOURTH MAN THEORY", WHICH HAS BEEN THE SUBJECT OF SOME SPECULATION AND RUMOR IN RECENT WEEKS). IN SUMMARY, THE NEW PLANNING MINISTER IS A FORMIDABLE FELLOW, BUT MAY NOT BE AS BROAD-GAUGED AS HE APPEARED INITIALLY. HE IS AMBITIOUS, OBVIOUSLY ENJOYS POWER, AND COULD PLAY A KEY ROLE IF A CHANGE OF GOVERNMENTS TAKES PLACE AS HE PREDICTS.

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